METHODS AND SYSTEMS FOR MODELING
USING CLASSIFICATION AND REGRESSION
TREES

ABSTRACT OF THE DISCLOSURE

A method of valuation of large groups of assets using classification and regression trees is described. The method includes defining relevant portfolio segmentations, assessing performance of the classification and regression tree based model against a simple model and ranking all portfolio segments based upon performance of the models. Iterative and adaptive statistical evaluation of all assets and statistical inferences are used to generate the segmentations. The assets are collected into a database, grouped by credit variable, subdivided by ratings as to those variables and then rated individually. The assets are then regrouped and a collective valuation is established by cumulating individual valuations.